



NOT PROTECTIVELY MARKED

Public Board meeting		25 May 2022
		Item 07
THIS PAPER IS FOR DISCUSSION		
SUMMARY FINANCIAL PERFORMANCE TO 31 MARCH 2022		
Lead Director Author	Julie Carter, Director of Finance, Logistics and Strategy Maria McFeat, Deputy Director of Finance	
Action required	The Board is asked to discuss and note : <ul style="list-style-type: none">• The draft financial position to 31 March 2022 subject to audit• The efficiency savings position to 31 March 2022• The financial impact of COVID-19 and remobilisation to the end of March 2022	
Key points	<ol style="list-style-type: none">1. The financial position to the end of March 2022 is break-even (reporting a £58,000 surplus). This is subject to audit adjustments and the final position will be reported through the final approved annual accounts.2. Additional expenditure of £16.2 million has been incurred this year as a result of the Service's COVID-19 remobilisation plan and this has been supported by full funding from Scottish Government3. Efficiency savings of £15.35 million have been delivered against a target of £15.35 million for the period.4. The COVID-19 expenditure also includes an estimate of £2.0 million in respect of efficiency savings that due to operational pressures have not been realised and will slip into 2022/23.5. The Service has delivered Mobile Testing Units at a cost of £33.8 million for the year with all costs recovered from Scottish and UK Governments6. The Service received an additional allocation of £8.5 million during 2021/22 to address the system-wide NHS Scotland Health and Social Care winter pressures. The funding provided supported the creation of additional workforce capacity, operational capacity and supported management of demand.	
Timing	This month 12 financial position is in line with the forecasts provided to the Board throughout 2021/22	
Link to Corporate Objectives	The Corporate Objective this paper relates to is Goal 6 - Develop a model that is financially sustainable and fit for purpose in 2021/22.	

Contribution to the 2020 vision for Health and Social Care	Efficient and effective use of resources is important to the Service to enable it to deliver change in service delivery to meet the aspirations of the 2020 vision.
Benefit to Patients	Efficient and effective use of resources enables the Service to provide the best level of safe and effective care to patients as it can within the resources available.
Equality and Diversity	An Equality Impact Assessment (EQIA) was conducted and presented to the Board in March 2021 when the budget for 2021/22 was set.

SCOTTISH AMBULANCE SERVICE BOARD

FINANCIAL PERFORMANCE TO 31 MARCH 2022

JULIE CARTER, DIRECTOR OF FINANCE, LOGISTICS & STRATEGY

This paper sets out the financial position at 31 March 2022 for the Scottish Ambulance Service.

The Board is asked to note:

- The draft financial position to the end of March 2022 for the financial year 2021/22. This is subject to audit and will be reported as a final position in the annual accounts.
- A specific section on COVID-19 financial impact and funding assumptions and
- the key messages as highlighted including agreed actions feeding into the financial planning processes for 2022/23

The financial position to 31 March 2022, reporting a break even position (£58,000 surplus), consists of:

- Income – break even
- Core Expenditure – break even
- Efficiency savings target for the financial year is £15.35 million. Savings of £13.35 million were achieved in year with the £2.0 million shortfall fully funded by Scottish Government on a non recurring basis as this relates to efficiency plans that could not be delivered due to COVID-19 pressures and operational demands.
- The financial impact of COVID-19 and our remobilisation plan represents £16.2 million of additional revenue costs to the Service in this period, which includes the £2.0 million efficiency funding as noted above. This is in line with our financial plan and quarterly updates to Scottish Government.

Key messages

- The draft year-end position is in line with the financial plan trajectory, which forecast break even against Core Revenue Resource Limit by the end of March 2022.
- A challenging efficiency programme has achieved the required £15.35 million efficiency savings supported by £2.0 million of COVID-19 funding for efficiency plans that could not be achieved due to operational demand of the pandemic. £7.3 million of the savings were recurring savings with £8 million non recurring, including the £2 million supported by COVID-19 funding.

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- Our remobilisation plan and COVID-19 impact represent £16.2 million of additional costs in this period, plus delivery of Mobile Testing Units with a cost £33.8 million in this year. These costs remain in line with our financial plan and trajectory. Full funding has now been received in respect of these allocations.
- The additional £20 million investment announced by the Cabinet Secretary for Health & Social Care on 21 September 2021 is being received over the next 5 years. The Service received year 1 funding of £8.5 million during 2021/22 to address the system-wide NHS Scotland Health and Social Care winter pressures. The funding provided supported the creation of additional workforce capacity, operational capacity and supported management of demand

Key actions agreed in this period

1. COVID-19

The impact of COVID-19 on our financial position has been reported since February 2020. Our financial plan estimated the full year impact in 2021/22 of 'Living with COVID-19' and remobilisation to be up to £16.9 million for the year. The total costs for 2021/22 were £16.2 million. A significant element of these costs, given the current pressures are likely to spill over into the 2022/23 financial year. A COVID-19 exit process has been put in place with the aim of reducing these costs in line with a detailed operational risk assessment including where appropriate changes in national guidance.

ACTION: We continue to work closely with Scottish Government colleagues who have put in place a COVID-19 review process. A COVID-19 exit finance group was established during 2021/22 to review the COVID-19 costs in detail and had estimated our forecast for 2022/23 at £15 million and this was included within the Service financial plan for 2022/23 submitted to Scottish Government in March 2022. Given the changing circumstances with the COVID-19 pandemic and moving to an endemic these costs are being reviewed on a regular basis. Business cases for COVID-19 activities that require to remain into 2022/23 are being collated and will be reviewed and reported to the Executive team at the end of May 2022.

2. Delivery of our Efficiency Savings Target

Given the operational pressures during 2021/22 we have reprioritised our best value programmes and focused on those that are supporting our current operational priorities. This has resulted in some plans (to the value of £2.0 million) being temporarily halted and we have included these in our COVID-19 costs.

Our financial plan had anticipated £15.35 million of efficiency plans in the current year. Our actual plans delivered are £15.3 million, with the shortfall of £2.0 million relating as noted previously to COVID-19 operational pressures. Due to the operational pressures the level of non recurring savings plans have reported higher than anticipated at the start of the financial year. These have also been reflected in the carry forward deficit into 2022/23. There has however been a total of £7.3 million recurring savings reported in year.

ACTION: at the start of 2021/22 the Best Value operational group had been refreshed and was meeting monthly until this was temporarily halted from September 2021 due to significant operational pressures. The Best Value Programme policy and procedures documentation had also been updated and approved. This requires project mandates to be completed for each project. Over 25 project mandates had been completed with only 3 outstanding and likely to now transfer to 2022/23 plans. In addition, new programmes had also been identified,

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with mandates approved and some implementation has commenced, although recognising that current operational pressures in the system has reduced operational engagement and leadership. Executive leads had been allocated and monthly highlight reports were being completed against each programme. A weekly delivery group had also been established. The updated Best Value governance policy identified an escalation plan with reviews in July and September 2021, this has been temporarily halted, as has the monthly meetings, given the current operational pressures, although the weekly Best Value delivery group continues to meet.

The Best Value focus is now back on for 2022/23 and project mandates for new programmes of work are being developed and mandates for programmes previously agreed in 2021/22 are being updated. The first meeting of the new Best Value Project Board is planned for the end of May 2022.

3. Demand and Capacity Investment

Agreed 2021/22 funding for the addendum to the Demand and Capacity Business Case was finalised at £18.5 million. The forecast anticipated expenditure being produced in line with the delivery programme, with the implementation plan being agreed through the Demand and Capacity Steering Group and Programme Board. This includes the recruitment and training to increase resourcing and build better rosters including the addition of estates, vehicles, equipment, supplies and wrap around consultancy and support services.

ACTION: We continue to ensure regular financial reporting to Scottish Government colleagues and the Programme Board. The Phase 3 addendum has been completed and was presented to the Board on the 16th December 2021 and has been submitted to Scottish Government. We await final approval of this business case following the resource spending review in May 2022. In discussion with Scottish Government, it was agreed to progress with the implementation of this business case pending final financial approval.

Financial Risk considerations noted in the period

The financial risks, moving into the financial year 2022/23 are as follows:

Delivery of Efficiency Savings Target

This remains a significant risk given the level of efficiency savings required at circa 4% of the Service budget and the lack of management capacity to deliver these with the current focus continuing on the system pressures within the wider health system. The requirement to ensure the delivery of efficiency savings must remain a continued focus for staff and management as quality improvements and innovation in support of these pressures.

Action – A number of actions are progressing including

- The Best Value Programme has been reinstated with the first meeting planned for May 2022
- The updated governance and processes have been reviewed and agreed by the Audit Committee
- Mandates for new programmes are being completed
- Mandates for 2021/22 programmes are being refreshed
- Executive and Programme leads have been assigned to the programmes of work

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- Finance support for each programme has also been identified
- The Best Value Programme Team aims to meet every month, with regular reporting to Executive Team, Performance and Planning Steering Group and Audit Committee
- A weekly delivery group has been re-established to focus on providing additional support to ensure implementation,

Securing COVID-19 funding in 2021/22 and recurring impact of Living with COVID-19 in future years

The financial planning for the year 2021/22 included £5.3 million of expenditure relating to Remobilisation plans in preparation for Living with COVID-19 beyond 2021/22 and COVID-19 operational expenditure of £11.6 million, totalling £16.9 million. This has now been revised to £16.2 million.

Expenditure to the end of March 2022, has identified total costs of £16.2 million and funding has been drawn down to this value. A COVID-19 exit finance group had been established with the purpose of providing detailed scrutiny of all expenditure areas to identify

- Those costs that will cease
- Those costs that will be recurring
- Those costs areas that could be redesigned

The work of this group was completed in December 2021, and a final meeting during January 2022 has concluded the 2022/23 estimated costs of £15 million and this is being reported within the 2022/23 financial plan with ongoing detailed review of these costs given the limited funding now available.

Finance position as at March 2022

Introduction

This section of the paper provides details of the financial results for the period ending 31 March 2022.

For the purpose of understanding the financial data tabled within this report, the following guidelines are provided:

- All Income budget and actual figures are presented as credit values (in brackets), a positive variance value against income reflects an improved performance against income plan whereas a negative variance is reflective of an underperformance contrary to income plan.
- All Expenditure budget and actual values are shown as positive figures; a positive variance value against expenditure reflects a favourable under-spend against budget plan whereas a negative variance is reflected of an adverse performance on budget plan.

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SUMMARY OF YEAR TO DATE POSITION

Table 1 reports that the revenue position for the financial year to the end of March 2022 is break even, made up of the following:

- Income – break even
- Expenditure Pay – under budget by £2.6 million
- Expenditure Supplies – over budget by £2.6 million
- Savings – break even
- Expenditure Non-core – break even

Table 1 – Scottish Ambulance Service high-level overview
SCOTTISH AMBULANCE SERVICE BOARD
REVENUE RESOURCE ANALYSIS
YEAR TO 31 MARCH 2022

	Full Year Budget £'000	Year to Date			Current Month		
		Budget £'000	Actual £'000	Variance £'000	Budget £'000	Actual £'000	Variance £'000
Income							
Revenue Allocation	407,836	407,836	407,836		47,679	47,679	
Health Board	5,595	5,595	5,595	0	493	493	0
Other Healthcare	1,417	1,417	1,321	(96)	449	404	(45)
Fleet	12	12	12	0	12	2	(10)
Staff Car Deductions	179	179	179	0	21	15	(6)
Other Operating	2,778	2,778	2,868	90	556	591	35
Total Income	417,817	417,817	417,811	(6)	49,210	49,184	(26)
Expenditure							
Accident & Emergency	242,190	242,190	242,382	(192)	25,554	25,666	(112)
Non Emergency Service	30,471	30,471	30,126	345	2,828	2,908	(80)
Air Ambulance	16,198	16,198	17,071	(873)	1,554	1,789	(235)
Overheads	112,298	112,298	111,514	784	19,007	18,453	554
Total Expenditure	401,157	401,157	401,093	64	48,943	48,816	127
Core Expenditure Variance				58			101

Table 2 – Income and Expenditure

Table 2 provides the year-to-date position between service and support directorates and identifies some of the COVID-19 additional expenditure separately.

SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE SUMMARY
YEAR TO 31 MARCH 2022

		Cumulative to Date				Current Period			
		Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance
		£'000	£'000	£'000	%	£'000	£'000	£'000	%
COVID-19	Income			0		0	0	0	
	Salaries	3,075	3,075	0		245	245	0	
	Supplies	4,634	4,634	0		284	284	0	
	Sav Target	(2,000)	0	(2,000)		0	0	0	
	Sav Realised	2,000	0	2,000		0	0	0	
					0				0
Service Delivery Directorate	Income	(7,966)	(7,967)	1	0%	(1,341)	(1,337)	(4)	0%
	Salaries	285,486	282,656	2,830	-1%	24,631	23,590	1,041	-4%
	Supplies	46,082	48,392	(2,310)	5%	6,716	6,541	175	-3%
	Sav Target	(786)	0	(786)	0%	(66)	0	(66)	0%
	Sav Realised	1,086	0	1,086	0%	158	0	158	0%
				821				1,304	
Support Services Directorates	Income	(2,373)	(2,367)	(6)	0%	(549)	(527)	(22)	-4%
	Salaries	33,728	33,935	(207)	1%	7,673	8,220	(547)	7%
	Supplies	45,157	45,408	(251)	1%	11,499	12,267	(768)	7%
	Sav Target	(12,563)	0	(12,563)	0%	(2,783)	0	(2,783)	0%
	Sav Realised	12,264	0	12,264	0%	2,917	0	2,917	0%
				(763)				(1,203)	
SCOTTISH AMBULANCE SERVICE	Income	(10,339)	(10,334)	(5)	0%	(1,890)	(1,864)	(26)	-1%
	Salaries	322,289	319,666	2,623	1%	32,549	32,055	494	2%
	Supplies	95,873	98,434	(2,561)	-3%	18,499	19,092	(593)	-3%
	Sav Target	(15,349)	0	(15,349)		(2,849)	0	(2,849)	
	Sav Realised	15,350	0	15,350		3,075	0	3,075	
				58				101	

Table 3 – Service Delivery

Service delivery is under budget by £0.8 million at 31 March 2022. Pay costs (excluding COVID-19) are reporting an underspend of £2.8 million over all service areas, however it should be noted that additional pay expenditure has been incurred across all service areas as a result of COVID-19. This impact is assumed to be supported by additional funding.

Air Ambulance Costs continue to show a cost pressure as a result of increased activity over the summer months, where flying hours for all 4 aircraft exceeded that of the equivalent period

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in 2019 (lockdown reduced activity in 2020), plus a 50% increase (excluding COVID-19 missions) in the use of the Maritime Coast Guard in the first 6 months of this year compared to the last two years. An in-depth review of the activity increases revealed factors such as the weather, no other resource available due to wider NHS demands, bariatric transfers, infection control guidelines limiting the fixed wing routine transfers from moving multiple patients to single patients resulting in additional flying hours, the 'staycation' effect along with CalMac running reduced services due to fleet mechanical problems, all playing a part. The report, completed by the operational team, anticipated this activity reducing to budget levels over the winter period and remaining within balance by the end of the financial year. Note this excludes the costs of COVID-19 which is included within the £16.2 million COVID-19 costs. In line with expectations, activity from November 2021 through March 2022 has decreased to near normal anticipated levels and this continues to be closely monitored.

Fuel prices continue to cause a significant pressure on vehicle running costs, with the average price per litre in March 2022 around 40p above budgeted levels. The steady price rise throughout the year had stabilised from November 2021 before rising again significantly from late February 2022. This will continue to be monitored closely into the new financial year.

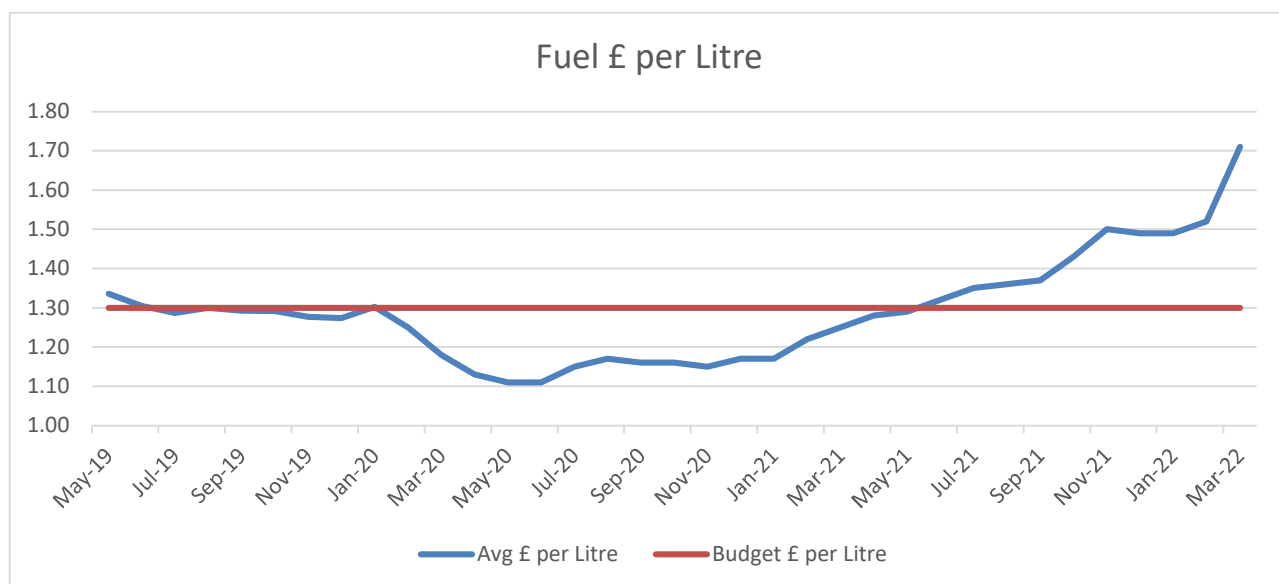


Table 3

**SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE - SERVICE DELIVERY
YEAR TO 31 MARCH 2022**

		Cumulative to Date				Current Period			
		Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance
		£'000	£'000	£'000	%	£'000	£'000	£'000	%
NORTH REGION	Income	(967)	(967)	0	0%	(78)	(78)	0	0%
	Salaries	43,404	42,839	565	-1%	3,924	3,749	175	-4%
	Supplies	4,001	4,499	(498)	12%	554	544	10	-2%
	Sav Target			0				0	
	Sav Realised			0				0	
				67			185		
EAST REGION	Income	(1,188)	(1,188)	0	0%	(91)	(91)	0	0%
	Salaries	68,926	68,355	571	-1%	6,170	5,932	238	-4%
	Supplies	6,522	7,320	(798)	12%	962	847	115	-12%
	Sav Target			0				0	
	Sav Realised	484		484		0		0	
				257			353		
WEST REGION	Income	(3,754)	(3,755)	1	0%	(455)	(456)	1	0%
	Salaries	97,152	95,930	1,222	-1%	8,675	8,369	306	-4%
	Supplies	8,523	9,768	(1,245)	15%	1,538	1,564	(26)	2%
	Sav Target			0				0	
	Sav Realised	208		208		0		0	
				186			281		
NATIONAL OPS	Income	(2,057)	(2,057)	0	0%	(717)	(712)	(5)	-1%
	Salaries	76,004	75,532	472	-1%	5,862	5,540	322	-5%
	Supplies	27,036	26,805	231	-1%	3,662	3,586	76	-2%
	Sav Target	(786)	0	(786)		(66)		(66)	
	Sav Realised	394	0	394		158		158	
				311			485		
TOTAL SERVICE DELIVERY	Income	(7,966)	(7,967)	1	0%	(1,341)	(1,337)	(4)	0%
	Salaries	285,486	282,656	2,830	-1%	24,631	23,590	1,041	-4%
	Supplies	46,082	48,392	(2,310)	5%	6,716	6,541	175	-3%
	Sav Target	(786)	0	(786)		(66)	0	(66)	
	Sav Realised	1,086	0	1,086		158	0	158	
				821			1,304		

Table 4 – Support Services Directorates

Support services are being reported as £0.8 million over budget. The Finance, Logistics and Strategy savings target includes all Best Value Programme targets.

SCOTTISH AMBULANCE SERVICE BOARD
INCOME AND EXPENDITURE BY DIRECTORATE
YEAR TO 31 MARCH 2022

		Cumulative to Date				Current Period			
		Budget £'000	Actual £'000	Variance £'000	Variance %	Budget £'000	Actual £'000	Variance £'000	Variance %
BOARD AND CHIEF EXECUTIVE	Income	(5)	(4)	(1)	-20%	1	0	1	
	Salaries	1,846	1,840	6	0%	108	116	(8)	7%
	Supplies	9	45	(36)	400%	8	34	(26)	325%
	Sav Target	(25)	0	(25)		(2)	0	(2)	
	Sav Realised	89	0	89		62	0	62	
				33					27
FINANCE AND LOGISTICS	Income	(2,288)	(2,278)	(10)	0%	(555)	(520)	(35)	-6%
	Salaries	16,861	18,455	(1,594)	9%	5,161	6,817	(1,656)	32%
	Supplies	39,538	39,750	(212)	1%	10,004	10,600	(596)	6%
	Sav Target	(12,393)	0	(12,393)		(2,770)	0	(2,770)	
	Sav Realised	11,766	0	11,766		2,758	0	2,758	
				(2,443)					(2,299)
HUMAN RESOURCES	Income	(33)	(33)	0	0%	(3)	(3)	0	
	Salaries	2,852	2,432	420	-15%	619	246	373	-60%
	Supplies	873	946	(73)	8%	112	214	(102)	91%
	Sav Target	(39)	0	(39)		(3)	0	(3)	
	Sav Realised	39	0	39		0	0	0	
				347					268
MEDICAL	Income	(6)	(6)	0	0%	7	(1)	8	
	Salaries	3,884	3,231	653	-17%	898	291	607	-68%
	Supplies	1,003	1,136	(133)	13%	140	230	(90)	64%
	Sav Target	(16)	0	(16)		(1)	0	(1)	
	Sav Realised	84	0	84		0	0	0	
				588					524
CARE QUALITY AND PROF DEVELOPMENT	Income	(41)	(46)	5	12%	1	(3)	4	
	Salaries	8,285	7,977	308	-4%	887	750	137	-15%
	Supplies	3,734	3,531	203	-5%	1,235	1,189	46	-4%
	Sav Target	(90)	0	(90)		(7)	0	(7)	
	Sav Realised	286	0	286		97	0	97	
				712					277
TOTAL SUPPORT SERVICES	Income	(2,373)	(2,367)	(6)	0%	(549)	(527)	(22)	-4%
	Salaries	33,728	33,935	(207)	1%	7,673	8,220	(547)	7%
	Supplies	45,157	45,408	(251)	1%	11,499	12,267	(768)	7%
	Sav Target	(12,563)	0	(12,563)		(2,783)	0	(2,783)	
	Sav Realised	12,264	0	12,264		2,917	0	2,917	
				(763)					(1,203)

Table 5 – Detailed Income Analysis

Details of the financial performance analysed into specific income and funding sources are noted in the table below. This includes scrutiny of the key movements and pressure areas.

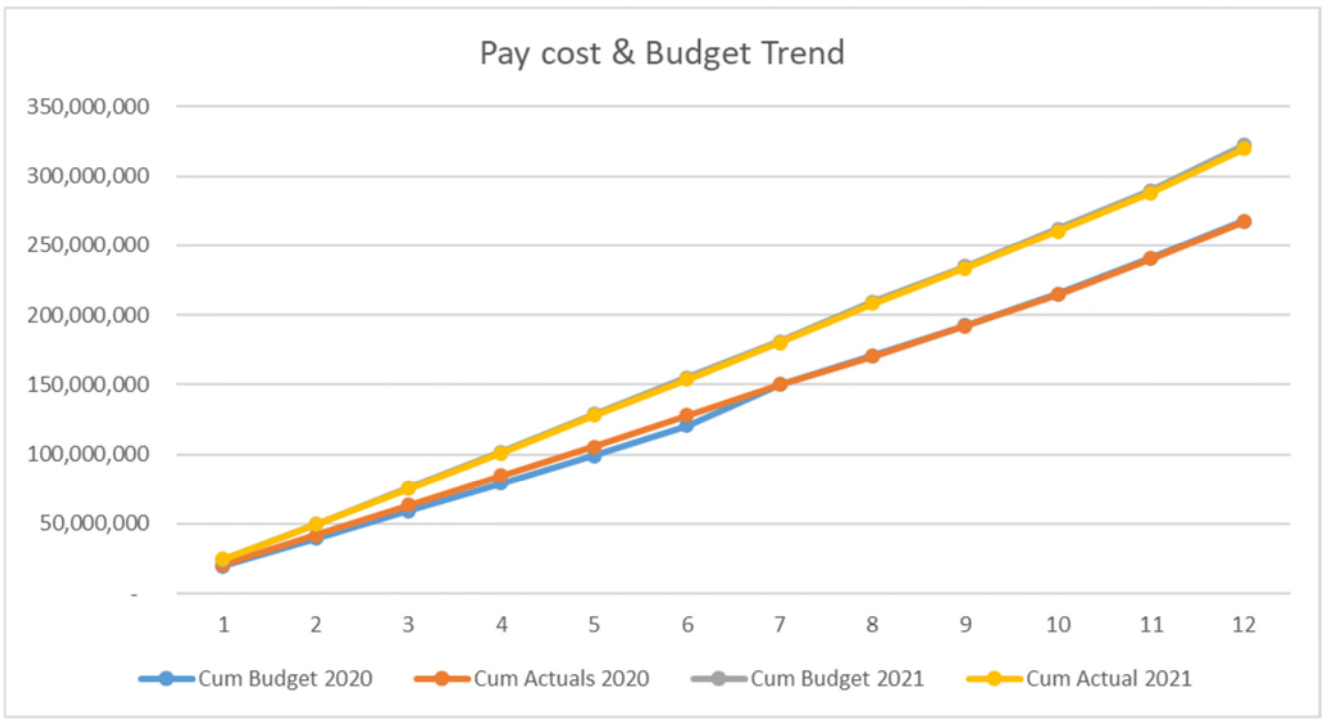
SCOTTISH AMBULANCE SERVICE BOARD
INCOME INCLUDING ALLOCATIONS
YEAR TO 31 MARCH 2022

	Full Year Budget £'000	Year to Date		
		Budget £'000	Actual £'000	Variance £'000
Income				
Revenue Allocation	407,836			
Baseline Allocations	306,915			
Recurring Allocations	6,450			
Non-Recurring Allocations	94,471			
Fleet Income	12	12	12	0
Health Board	5,595	5,595	5,595	0
Other Healthcare	1,417	1,417	1,321	(96)
Other Operating	2,778	2,778	2,868	90
Staff Car Deductions	179	179	179	0
Total Income	417,817	9,981	9,975	(6)

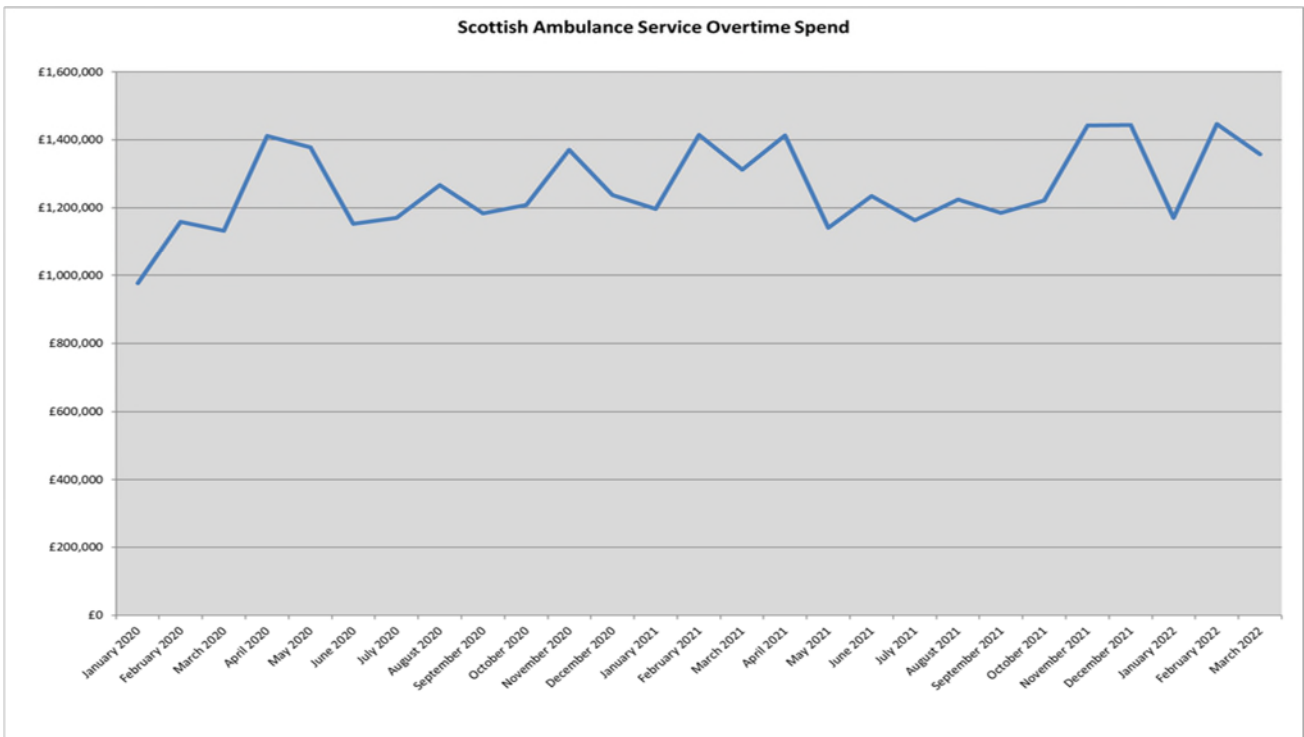
Total income (including funding) to date is break even.

The original financial plan assumed revenue funding allocations of £346 million. This has since increased to reflect funding received and committed for Mobile Testing Units, Mobile Vaccination Units, COVID-19 Remobilisation and the Service's support at COP26. Adjustments are made on a monthly basis to the budget to include any additional allocations as these are notified to the Boards from Scottish Government and other NHS Boards.

Detailed Pay analysis



The pay graph above reflects both year to date budget and year to date actual spend for financial year 2020/21 and 2021/22. As can be seen, the trend shows 2021 costs exceeding 2020 values, due to the additional staffing in the Mobile Testing Units plus impact of the pay award. The graph below shows a trend analysis of overtime costs in the last two years. The impact of COVID-19 mobilisation on the Service can be seen in the months from March 2020.



Overtime hours have also been impacted by an increase in extended duty (when a shift runs over) which can be seen in the graph below from the beginning of the summer this year. This

is a direct result of increased hospital turnaround times reflective of the wider NHS system pressures. We were experiencing around 10,000 extended duty hours a month at the end of the 2020/21, compared to an average in 2019/20 of around 7,000 a month. We have since seen this reduce from January 2022 onwards to under 9,000 hours per month.

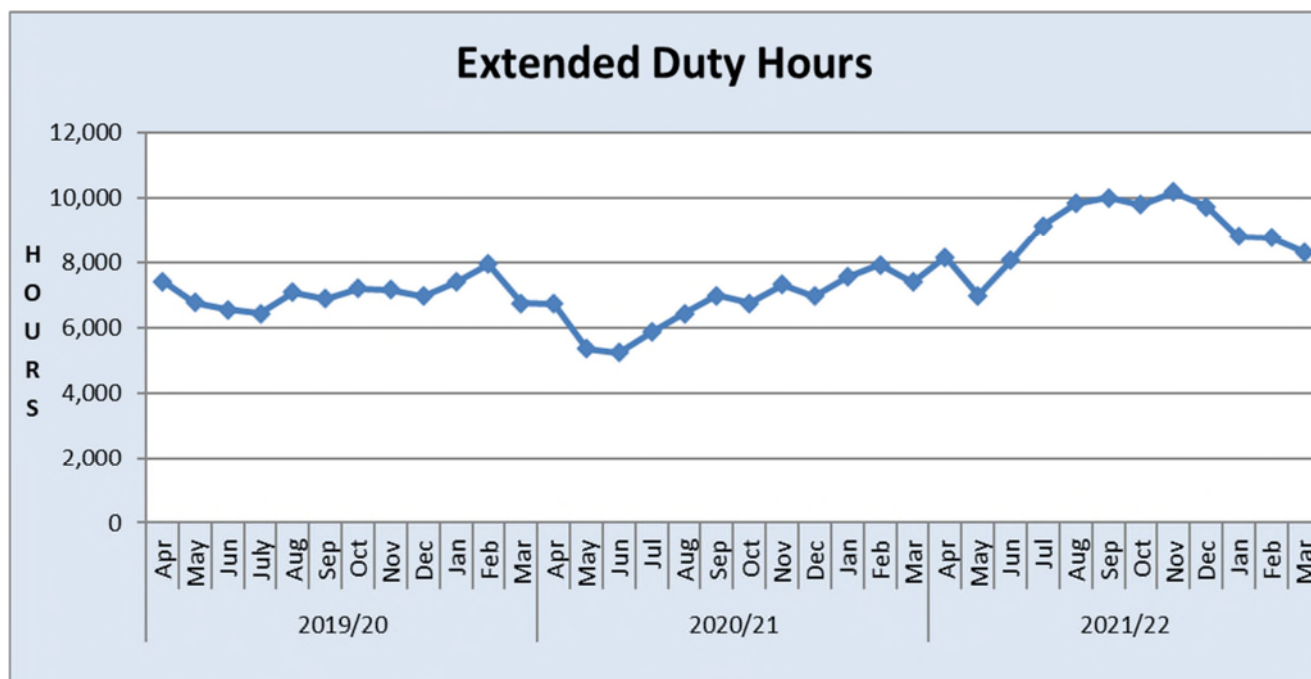


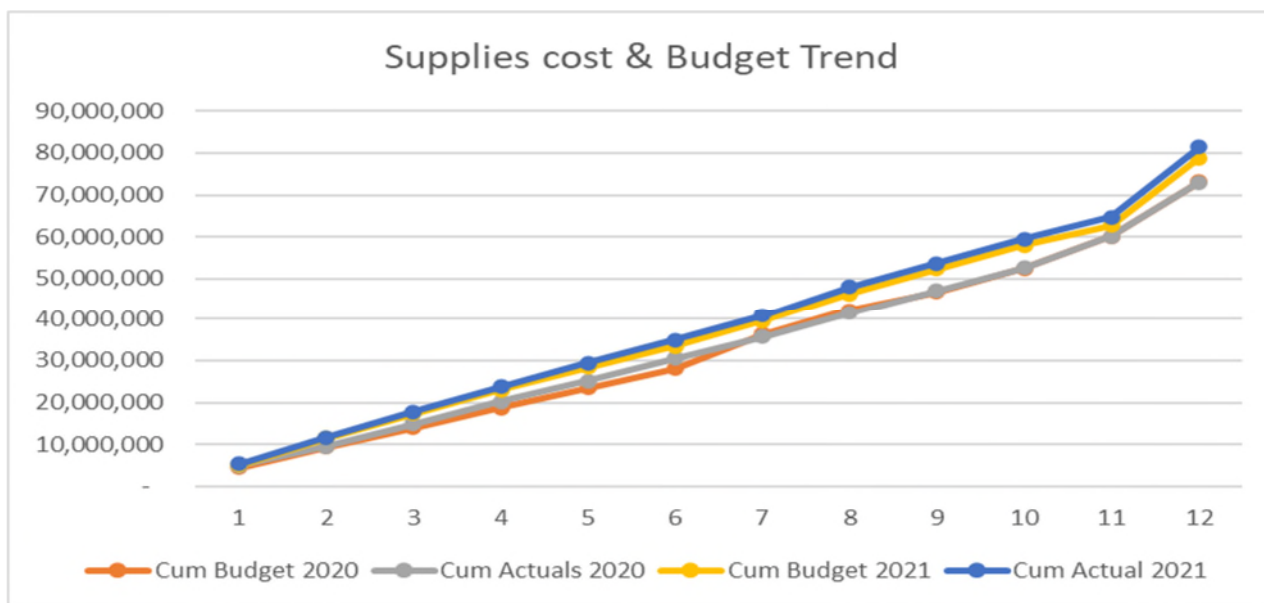
Table 6

**SCOTTISH AMBULANCE SERVICE BOARD
STAFF AND OVERTIME SUMMARY
YEAR TO 31 MARCH 2022**

		East Region	North Region	West Region	National Ops	Service Delivery
Current Year	Average WTE	1,342	751	1,865	840	4,798
	Overtime Hours	134,915	128,476	243,143	71,630	578,164
	Overtime Cost (£'000)	3,802	3,626	6,777	2,043	16,248
Prior Year	Average WTE	1,238	703	1,731	803	4,475
	Overtime Hours	165,764	131,292	276,918	85,287	659,261
	Overtime Cost (£'000)	3,860	3,380	6,373	2,018	15,631
Variance	Average WTE	104	48	134	37	323
	Overtime Hours	(30,849)	(2,816)	(33,775)	(13,657)	(81,097)
	Overtime Cost (£'000)	(58)	246	404	25	617

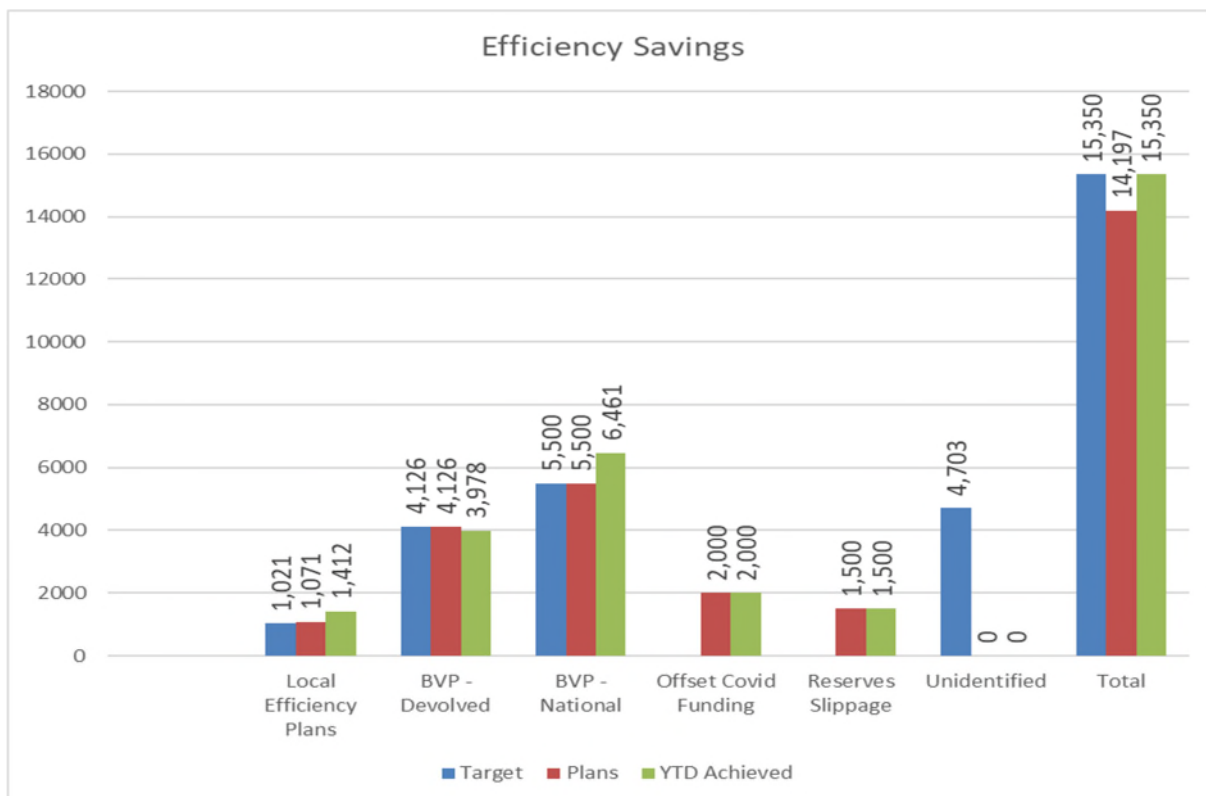
The above table illustrates an overall reduction in overtime hours compared to a year ago, which was during the 'first wave', however this is also with an additional 323 staff (whole time equivalents) in post.

Non-pay



The non-pay graph above reflects year to date budget and year to date actual spend for both 2020/21 and 2021/22. This year additional non-pay costs of £4.6 million have been incurred as a result of the Service COVID-19 remobilisation plan. A detailed breakdown of these costs can be found in the COVID-19 section below.

Efficiency Savings



As described within the financial plan, the efficiency plans are split into specific areas:

- **Local Efficiency Target**

Support Directorates have been allocated a 1.5% recurring efficiency target to recognise the requirement to continually review our costs and ensure reinvestment in our services to meet ongoing cost pressures. In addition, some operational areas have been allocated a local target to supplement the developed best value targets. These targets equate to £1.0 million across the Service, with £1.4 million delivered at the end of the year.

- **Best Value Programme**

The Service launched the Best Value Programme in May 2018 to agree a new service wide efficiency savings approach, which aims to use innovation and improvement methodology to drive systematic change and transform services to deliver better value, cost efficient services for the organisation whilst continuing to deliver high quality care. The programme crucially is also responsible for promoting forward thinking within the Service, horizon scanning and capitalising on best practice across the wider NHS, public and private sectors to create a pipeline of future efficiency opportunities to inform the build of a 3-5 year sustainable financial plan.

The 2020-23 financial plan recognises that during engagement with staff in 2019/20 and a review of our approach to the delivery of savings there is a need to bring all saving plans together and clearly define national programmes through the Best Value Programme and devolved accountability to the budget holders for local implementation.

The Best Value Programme will now therefore provide an overarching reporting mechanism for all locally devolved savings schemes and will lead on driving nationally identified initiatives and projects.

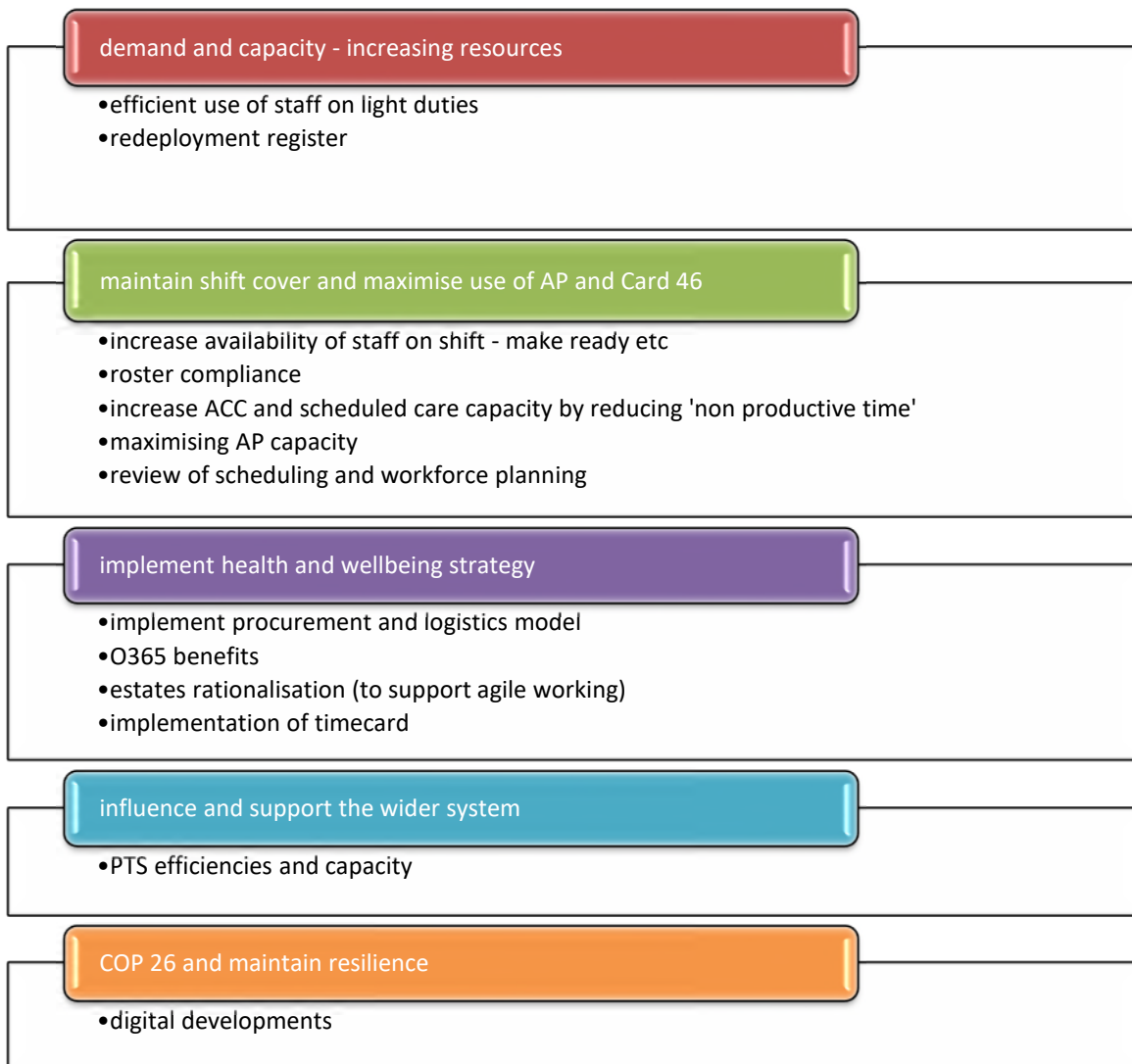
- **Devolved Targets** – Responsibility for projects that were implemented during 2020/21 and now deemed to be embedded within the Service has been devolved to budget holders. The schemes were delivered in full with savings of £4.1 million.
- **Best Value Programmes** – For 2021/22 more than 35 work streams had been identified with potential savings of £6.5 million that will be led by the Best Value Programme team and supporting local managers and teams. A detailed programme plan has been in place with Executive leads against each programme.

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Given the current operational pressures on the system it was critical that we maintained the focus on the best value programmes to drive the quality improvement and innovation. It is also important that we align the programmes to the current operational priorities namely

- demand and capacity – increasing resources
- maintain shift cover and maximise use of AP and Card 46 resources
- implement our health and wellbeing strategy
- influence and support the wider system
- COP 26 and maintain our resilience

The following shows this alignment to these priorities, identifying those that we need to maintain the focus on (and perhaps those that could slip into 2022/23).



We have identified to Scottish Government slippage in efficiency savings that we would like to source from COVID-19 monies at £2.0 million for the year.

COVID-19 Financial Implications

Board Members are aware that there is additional funding in place from Scottish Government to support expenditure due to the COVID-19 pandemic.

Costs incurred during 2021/22 to 31 March 2022 are outlined in the table below.

Category of Resource	£
Additional pay & staff overtime	8.9 million
Supplies and equipment (PPE, Cleaning materials, etc.)	1.3 million
Air ambulance and third party support	0.9 million
Remobilisation pay & non-pay	3.1 million
Efficiency saving underachievement	2.0 million
	16.2 million

Additional pay & staff overtime

A new process for identifying overtime costs where staff cover COVID-19 absence and in respect of an increase in extended duty have been set up for this year. Also included are temporary staff costs, including returning retired staff on bank contracts to help improve resilience and meet demand.

Air ambulance and third party support

Our delivery of the COVID-19 response has been enhanced by various third-party organisations such as Loganair, British Red Cross, Arnold Clark, and St Johns Ambulance. These organisations are providing us with services specifically to help manage the additional pressure of the current crisis through the provision of aircraft for patient transfers, Red Cross vehicles in Aberdeen, the Central belt and West Region, automated telephony services, laptop hire to enable staff to work from home, and van hire for distribution of PPE respectively.

Remobilisation 2021/22

Work is underway to support the redesign with our ambulance control centres to support call taking capability to meet national targets and support clinical decision making whilst an assessment takes place to look at how we can reduce call demand by adopting the use of digital channels and system management through the clinical hub redesign.

Our Logistics infrastructure has been redesigned to introduce a robust, sustainable, long term, cost-effective logistics and inventory management service supplying and controlling the movement of consumable stocks throughout the Service. This is aiming to minimise stock holding, ensure continuity of supply, releasing both financial and non-financial efficiencies, whilst gaining a comprehensive understanding of product mix and usage.

Digital transformation, additional support and infrastructure to support digital developments continue, along with developments on supporting new working arrangements and estates reconfiguration to maximise our space recognising the potential increase in staff offset against home working.

Other priorities include plans for investment in Health and Wellbeing, to support new ways of working for support staff and Sustainability and innovation.

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Mobile Testing Units

The Service is currently delivering Mobile Testing Units (MTUs) across Scotland with this service coming into effect from the end of September 2020 with plans to continue delivery of the service beyond the end of 2021/22.

The full year expenditure (at 31 March 2022) is as follows:

	Costs
Pay	£ 29.9 million
Non Pay	£ 3.8 million
Total	£ 33.7 million

All costs to date have been fully funded. Scottish Government have approved the extension of the MTU's to the end of September 2022 and since the cease of testing in May 2022 have confirmed the Service will be fully funded for the staff until the contracts cease in September 2022.

Mobile Vaccination Units

The Service is currently delivering Mobile Vaccination Units (MTUs) across Scotland to support an inclusive vaccination programme delivering vaccinations to population groups who can face barriers to mainstream vaccination pathways. All costs have been fully funded by Scottish Government.

The full year expenditure (at 31 March 2022) is as follows:

	Costs
Pay	£390,000
Non Pay	£329,000
Total	£719,000

COP26

The funding envelope of £5.4 million had been approved by UK Government for Event Planning & Delivery and Specialist Capability costs. Funding was provided on a cost recovery basis and subject to scrutiny by UK Government.

The 2021/22 expenditure (as at 31 March 2022) is as follows:

	Costs
Pay	£1.7 million

Non Pay	£1.0 million
Total	£2.7 million

System Pressures

The Service received an additional allocation of £8.456 million during 2021/22 to address the system-wide NHS Scotland Health and Social Care winter pressures. The funding provided supported the following purposes:

- Creating workforce capacity
- Creating operational capacity
- Managing demand

Funding specifically supported the following actions:

- Clinical decision making – through additional resource in our ACCs
- Partnership working – use of British Red Cross, SFRS and taxis (where clinically appropriate) to support patient transfers
- Community assistance – through the use of flow navigation and pathway coordinators
- Increased capacity – increased management support, hospital ambulance liaison officers (HALOs) and use of students
- Digital interface – introduction of personal issue smart phones to A&E staff

The year-to-date expenditure (at 31 March 2022) is as follows:

Expenditure	Cost
Pay	£5.23 million
Non Pay	£3.23 million
Total	£8.46 million

Scottish Government have committed to further funding to support System Pressures up to financial year 2025/26. A breakdown of anticipated funding by financial year is as follows:

Financial Year	Funding Allocation
2022/23	£6.55 million
2023/24	£0.79 million
2024/25	£0.79 million
2025/26	£0.79 million

FINAL CAPITAL POSITION FOR 2021/22

2021/22 Capital Budget

The Service's Capital budget is made up of 2 elements:

- Formula Capital of £1.794 million
 - The Service is provided with this allocation to fund all capital projects that are not subject to approval by the SG Capital Investment Group (CIG) or has not received a separate earmarked allocation

- Earmarked Allocation
 - The Service receives earmarked allocations for Business Cases that have been approved by the CIG. In 2021/22 the following earmarked allocations have been received:
 - Fleet Replacement Programme £23.9 million
 - ScotSTAR £0.25 million
 - Enhancing Capability Phase II £0.39 million
 - Scottish Trauma Network £0.15 million

The total 2021/22 allocation was £26.5 million.

Final Capital Position

The Final Capital Position for 2021/22 is shown in the table below. The final out-turn is an under spend of £541. During the year, the Capital Programme has provided significant investment to the Service with the majority of this being for vehicles to ensure that staff are able to respond to patients and provide the care that they need.

There has also been a significant investment in the ICT infrastructure, which not only replaced aging technology but also implemented innovative technological solutions to enhance service delivery.

Delivery of Phase 1 and 2 of the Enhancing Capability programme progressed well despite challenges associated with the construction industry. Funding of £394,000 was returned to SG for Phase 2 reflecting the updated project plan and slippage in year.

There were further delays to the implementation of the ICCS Replacement Project with the implementation of this now planned in summer 2022. Funding was diverted from this project to the Fleet Replacement Programme as we accelerated the purchase of additional vehicles in 2021/22. The funding will be reallocated to the ICCS programme in 2022/23.

Capital receipts of £118,000 were received as result of vehicles being sold for a price higher than the NBV. These receipts have been used for additional capital expenditure above the allocated budget.

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SCOTTISH AMBULANCE SERVICE
CAPITAL REPORT 2021-22
As at Month 12 (31 March)

PROJECT	Approved Budget £	YTD Actuals £	Notes
Formula Capital Projects			
eHealth and ICT	803,633	789,183	Vat Credit
Property	29,013	26,919	
Procurement & Logistics System	46,800	(15,681)	
Demand & Capacity	0	(69,992)	Vat Credit
Medical Equipment	24,425	24,425	
Vehicle Accidents	0	528,430	
	903,871	1,283,283	
Earmarked Allocations			
Enhancing Capability	1,866,943	1,761,426	
Covid	0	(14,654)	Vat Credit
Major Trauma	150,000	68,785	
ICCS Replacement	521,550	9,042	
Scotstar	651,342	659,396	
Vehicles	22,410,386	22,854,641	
	25,600,221	25,338,637	
Unallocated Budget			
Capital Receipts		(118,369)	Gain on sale of vehicles & equipment
TOTAL	26,504,092	26,503,551	

Approved and Anticipated Projects

The following table shows details of all projects that have had a mini business case approved and funding allocated.

<u>Approved Projects</u>	Cost Centre	BUDGET £
Project		
eHealth and IT		
Airwave SC Light - Aviemore & Broadford		61,429
Digitisation of Card 45 & 46 in ACCs		153,470
Telephony - Capacity Management and Call Traffic Reporting		31,164
Telephony – Increasing Call Recording Capacity		85,752
Telephony - Additional Call Centre Licences		84,635
VM Hardware Upgrade		252,000
Database for Ambulance Cleaning Records & Respirators		41,310
Terrafox Firewall		80,913
Information Alert Module		12,960
Total- eHealth and IT		803,633
Special Projects		
Enhanced Capability		1,317,851
Procurement System		46,800
ICCS Replacement		521,550
Enhanced Capability - Additional Estates Req		159,000
Enhancing Capability Phase II		390,092
Total - Special Projects		2,435,293
Property		
Air Conditioning Cardonald		29,013
Total - Property		29,013
Operations		
Medical Equipment		24,425
Major Trauma		150,000
Scotstar		651,342
Vehicles		22,410,386
Total - Equipment		23,236,153
Total Approved Projects		26,504,092
Unallocated Budget		
<u>Anticipated Projects</u>		
Total - Anticipated Projects		
Revised Unallocated Budget		0

CONCLUSION

The year-end position for the Service is break even including COVID-19 funding received from Scottish Government.

It has been another challenging financial year 2021/22 given the continued operational pressures. However, we continue to maintain a focus on efficiency savings and cost control with the successful delivery of our financial targets including our capital plan. Our 2022/23 financial plan has also been completed and will be the focus for the delivery of a balanced budget within financial year 2022/23. We will also continue to manage the financial position as we move from the pandemic into an endemic ensuring that our underlying financial position continues to move to a more sustainable financial position. We will deliver this through the robust management and delivery of our savings target through our Best Value Programme, tight cost control and our key aims as defined within our 2022/23 financial plan. We are also committed to maximising the opportunities to drive forward new ways of working through our remobilisation plan and the continued implementation of our Demand and Capacity additional investment.

Julie Carter

Director of Finance, Strategy and Logistics

May 2022

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